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 INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY  
 RUCNCIS/CIS COLLECTIVE PRIORITY  
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 RUEHAK/AMEMBASSY ANKARA PRIORITY 3763  
 RUEHBJ/AMEMBASSY BEIJING PRIORITY 1581  
 RUEHKO/AMEMBASSY TOKYO PRIORITY 1448  
 RUEHIT/AMCONSUL ISTANBUL PRIORITY 2017  
 RHMFIUU/CDR USCENTCOM MACDILL AFB FL PRIORITY  
 RUEAIIA/CIA WASHDC PRIORITY  
 RHEFDIA/DIA WASHDC PRIORITY  
 RUEKJCS/JOINT STAFF WASHDC PRIORITY  
 RHEHNSC/NSC WASHDC PRIORITY  
 RUEKJCS/SECDEF WASHDC PRIORITY  
 RUCPDOG/DEPT OF COMMERCE WASHDC PRIORITY  
 RUEATRS/DEPT OF TREASURY WASHDC PRIORITY  
 RUEHRC/DEPT OF AGRICULTURE WASHDC PRIORITY  
 RUEHRC/USDA WASHDC

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SENSITIVE  
 SIPDIS

STATE FOR SCA/CEN, EEB  
 ANKARA FOR AGRICULTURE COUNSELOR

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 SUBJECT: TURKMENISTAN: FOOD PRICES LEVEL OFF

REF: ASHGABAT 0615

11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) While the unification of the currency exchange rate at 14,250 manat to the dollar in late April resulted in stress and uncertainty among Turkmenistan's residents, prices for most major market basket items showed little or no change from late March (see chart below, and reftel in which the IMF predicted prices will likely remain relatively stable). This represents the first general leveling of food prices following at least nine months of price increases. Worries about the lower value of dollar savings however, led many residents to economize by buying cheaper, lower-quality local and imported substitutes for expensive food items, such as Iranian margarine and locally made cottonseed oil, rather than expensive imported butter and sunflower oil. (NOTE: Most Turkmen do not trust banks. Because of the bulk involved with saving manat bills, it is a common practice here to exchange manats for dollars, which residents keep in their residences. END NOTE.)

Food Item in manat	Price (04/08)	Price (03/08)	% Change	in manat
Bread				
(1 homemade)	8,000	8,000	0	
Flour (1 kg)	16,000	16,000	0	
Rice (1 kg)	22,000	20,000	10	
Butter (1 kg)	130,000	140,000	-7	
Vegetable Oil				
(1 lit)	46,000	50,000	-8	
Sugar (1 kg)	16,000	16,000	0	
Beef (1 kg)	65,000	65,000	0	
Lamb (1 kg)	60,000	60,000	0	
Chicken (1 kg)	85,000	95,000	-11	
Milk (1 lit)	15,000	15,000	0	
Cheese (1 kg)	150,000	130,000	15	
Eggs (ten)	20,000	25,000	-20	

13. (SBU) Low demand for expensive food items, including imported butter and cooking oil, smoked and fresh locally supplied sturgeon,

and chicken products - which for the past six months had very high prices and which were regarded as luxury purchases for many families - resulted in a decrease in their prices. As of April 28, due to both low demand and the onset of hot weather, prices for the following products with short shelf-lives decreased:

- sturgeon, from 150,000 manat to 85,000 manat per kilogram;
- imported butter, from 150,000 to 140,000 manat per kilogram; and
- imported sunflower oil, from 50,000 manat to 46,000 manat per liter.

14. (SBU) However, increased demand for cheaper food items led to slight price increases for those cheaper foods. For example, more consumption of cereals and vegetables resulted in the increase of the price of rice from 20,000 manat to 22,000 manat per kilogram, and potatoes from 10,000 to 12,000 manat per kilogram.

15. (SBU) COMMENT: The current stabilizing of prices is a positive development. Nevertheless, some residents want to prepare for any eventuality. We have heard reports that it is becoming increasingly fashionable to purchase dachas with garden plots as a bulwark against future increases in the price of food. Many others are beginning to focus on buying goods that will retain their value, such as apartments, automobiles, and electronics. END COMMENT.

HOAGLAND